



Member Care Center
Phone [205] 348-5944
[888] 817-2002
Fax [205] 348-2338

Main Office
P.O. Box 862998
220 Paul W. Bryant Drive, E
Tuscaloosa, AL 35486-0027

Cullman
1901 Main Avenue SW
Cullman, AL 35055

Decatur
1325 Pt. Mallard Parkway
Decatur, AL 35601

Fayette
1630 Temple Avenue
Fayette, AL 35555

Ferguson Center
UA Campus
Tuscaloosa, AL 35487

Foley
404 South McKenzie Street
Foley, AL 36535

Five Points
4239 University Boulevard E
Tuscaloosa, AL 35404

Gulf Shores
200 West Fort Morgan Road
Gulf Shores, AL 36542

Hillcrest
915 Mally Street
Tuscaloosa, AL 35405

Huntington
4600 Rose Boulevard
Northport, AL 35475

Indian Hills
1665 McFarland Boulevard North
Tuscaloosa, AL 35406

North River
1805 New Watermelon Road
Tuscaloosa, AL 35406

Orange Beach
24254 Canal Road
Orange Beach, AL 36561

South Huntsville
4800 Whitesburg Drive, Suite 43
Huntsville, AL 35801

UAH Campus
851 John Wright Drive
Huntsville, AL 35899

Vance
At Mercedes-Benz U.S. International
1 Mercedes Drive
Vance, AL 35490

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December 17, 2010

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Proposed Changes to Credit Insurance Disclosures under Regulation Z and the Truth-in-Lending Act
Docket No. R-1390

Dear Members of the Board of Governors:

I am writing in opposition to the proposed amendments to the credit insurance and debt protection disclosures under Regulation Z. The management and staff of Alabama Credit Union believe the proposed changes misrepresent the purpose and value of payment protection products to credit union members. If these proposed changes become reality, we fear that our members will be discouraged from purchasing credit insurance, thus putting their financial future at risk as well as our credit union's safety and soundness. We ask the Federal Reserve Board (FRB) to withdraw the current proposal to change payment protection disclosures, and replace it with revisions that provide the consumer with more accurate and balanced information about the products.

Our credit union has been offering payment protection products for over 50 years, in a responsible manner, complying with all regulations and with our member's best interests in mind. We believe in providing fair, accurate and appropriate disclosures. However, we believe the proposed disclosure changes are inaccurate and misleading to consumers.

We have several areas of concern about the proposed changes:

1. The disclosure is simply not accurate. Further, it is intentionally misleading. The implication that a person may or may not need any insurance product is a personal decision which should be left to consumers to determine, based on their own assessment of their financial needs and the needs of their family. In my experience, credit insurance is often the only life or disability insurance that members have. I have frequently worked with surviving family members in such situations. Even when members have had other insurance, I have never once heard a family member comment "Dad just had too much insurance." Thus, the statement "If you already have enough insurance or savings to pay off this loan if you die, you may not need this product" is misleading and goes beyond any appropriate function for a disclosure.
2. "Other types of insurance can give you similar benefits and are often less expensive." This statement is confusing at best, and in many cases is simply false. Credit Insurance is offered through our credit union at a very competitive price, and to members who often would not qualify at all for competing life insurance products due to age or



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physical health. It is simply impossible to make such a comparison, and when couched in terms this broad, the effect is blatantly negative and misleading

3. Implying that you may not receive any benefit even if you buy this product is a tacit indictment of all insurance products. Every single consumer who buys disability insurance or life insurance does so with the hope that it will never be needed.

The inaccuracies and misleading information included in this disclosure will lead to fewer members being covered for credit life and disability. The result will be fewer families covered at times when insurance is most needed, and increased defaults and losses on loans will occur as a result.

I have attached a letter written by one of our members as a testimonial to the impact such coverage can have on families in times of great need. This letter is an excellent example of the challenges alleviated time after time by credit insurance to the great financial relief of our members. Credit insurance is beneficial to our member's financial health and to the safety and soundness of our credit union. We respectfully ask the FRB to withdraw the payment protection disclosure proposal and consider alternative revisions that would give the consumer fair, accurate and balanced information about credit protection insurance.

Sincerely,

Benson Bolling
VP, Lending
Alabama Credit Union
(205) 348-3880
bbolling@AlabamaCU.com